

2024 STATE OF THE TERMITE CONTROL MARKET REPORT



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TERMITE DATA HELPS US ALL UNDERSTAND THE MARKET BETTER

It's never a dull moment in the pest control industry! Whether it's dealing with employee recruitment and retention, invasive pests, the regulatory landscape or choosing the right products for your team, business owners like yourself know they need to be both flexible and forward-thinking. It's such resourcefulness and resiliency that has helped our industry grow year after year. It's a tough challenge to be sure, but BASF is proud to be your partner in running your business day-to-day.

Termite control continues to be a critical market segment for PMPs. According to this State of the Termite Market report, 44 percent of respondents said the percentage of revenue generated by termite control services at their company increased somewhat in the past three years, while 29 percent said it remained the same.

This report, which BASF is proud to have sponsored since 2017, is a valuable tool because it shares insights from your peers and offers year-over-year data comparisons. While the PMP community is certainly the focus of this information, BASF also uses it to understand where pain points may be, the wins that help businesses thrive and the challenges that need to be addressed.

Your input helps us see where and how we can do more for our customers. We're proud to offer industry-leading termiticides that offer PMPs operational efficiencies and efficacy, including Trelona® ATBS Annual Bait Stations and Advance® Termite Bait Stations; and the Termidor® brand family of solutions, including Termidor HE High-Efficiency Termiticide. Our products are backed by a dedicated team of experts who can answer your questions, provide resources or training — whatever you need to be successful and ensure your customers' satisfaction.

To those of you who perform termite control work in your businesses, know that we appreciate the long hours you're putting in to protect your customers' properties from termites. For those of you who are looking to add termite control services to your company's service offerings, we welcome the opportunity to discuss with you how such offerings can enhance your business. Remember that BASF is here to assist you and your company in any way we can!

And to the PMPs who responded to this year's survey, we appreciate you taking the time to complete the questions and providing your candid feedback. Your insights will drive us through 2024. Thank you for helping to move our industry forward!

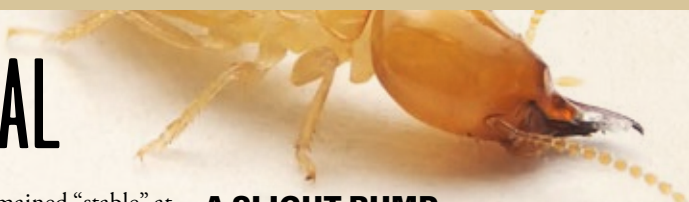
Barbara Aguiar

Director
BASF Professional & Specialty Solutions North America



Barbara Aguiar

A DECENT PROPOSAL



Last year wasn't bad for termite control. "I'd say it was a slightly above average season. It certainly wasn't the best that I've ever seen, but it definitely was not the worst for us down here on the Mississippi Gulf Coast," said Kolby Krohn, general manager, Redd Pest Solutions, Gulfport, Miss.

Other pest management professionals (PMPs) agreed. According to the 2024 PCT State of the Termite Control Market survey, sponsored by BASF, 44 percent said the percentage of revenue generated by termite control services at their company locations increased somewhat in the past three years, while 29 percent said it remained the same.

At Insight Pest Management, Newbury Park, Calif., termite revenue stayed flat by design. "I'm in the process of trying to switch to a little bit more pest control," explained CEO Israel Alvarez. Termite control currently generates about 40 percent of revenue at the company. Alvarez's goal is to get that down to 25 percent to reduce liability exposure and boost recurring revenue. In his market, drywood termite control tends to be a one-time service.

Termite revenue remained "stable" at McMahon Exterminating, Evansville, Ind., mainly because customers weren't home to notice termite activity like they were during the pandemic, and they also were feeling economic pressures, said President Charlie McMahon.

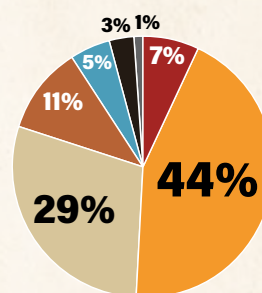
In fact, one in five PMPs said the number one reason that termite revenue remained the same or decreased at their company was because customers didn't have the money to pay for termite-related services.

McMahon Exterminating got its start 52 years ago by offering termite control. Today, this work accounts for about 20 percent of company revenue. "Although termite is a smaller piece of what we do today, it is still very important to us," said McMahon.

Thirty-eight percent of PMPs said termite control today was equally significant to their company location's bottom line compared to five years ago. Last year, termite control generated 22.7 percent of overall revenue on average at companies offering these services. Renewal fees accounted for 14.5 percent of that.

A SLIGHT BUMP

In the past three years, has the percentage of your location's revenue generated from its termite control services increased, remained the same or decreased?

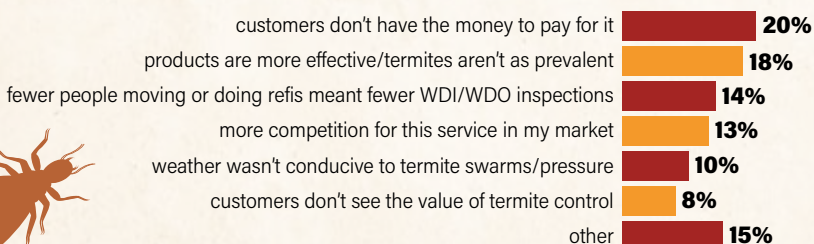


- increased significantly
- increased somewhat
- remained the same
- decreased somewhat
- decreased significantly
- cannot compare; not involved three years ago
- no answer

Source: Readex Research; Number of Respondents: 263

FACTORS AFFECTING GROWTH

In your opinion, what's the No. 1 reason termite revenue remained the same or decreased at your location in the past three years?



Source: Readex Research; Number of Respondents: 119

22.7%

Average percentage of overall revenue derived from termite control services in 2023

Source: Readex Research; Number of Respondents: 263

14.5%

Average percentage of termite control revenue generated by renewal fees in 2023

Source: Readex Research; Number of Respondents: 216

ABOUT THE SURVEY

Sponsored by BASF, the 2024 PCT State of the Termite Control Market study was conducted by Readex Research, a privately held research firm based in Stillwater, Minn. A sample of 7,001 pest control company owners, executives and technical directors was systematically selected from the PCT circulation file. Data was collected from 333 respondents — a 5 percent response rate — via online survey from Oct. 25 to Nov. 10, 2023, with 263 respondents stating their company location offered termite control services. The margin of error for 263 respondents is plus or minus 5.9 percent at the 95 percent confidence level. Charts may not add up to 100 percent due to rounding.



HOT TOPICS

Nearly all termite control providers (94 percent) perform post-construction termite treatments, found the 2024 PCT State of the Termite Control Market survey.

Fewer of them — 74 percent — do pre-construction termite treatments, commonly called pretreats.

Country Boy Pest Control, Auburndale, Fla., is not one of them. “I really don’t care a thing in the world about doing pretreats,” said owner Ron Henderson. Although he admitted he’d probably have a better termite season if he pushed pretreats, he does not like competing on price to get these jobs, which can involve using lower-cost chemicals, he said. “That’s probably the biggest cutthroat part of the industry, in my opinion,” he said.

Guarantee Pest Control, Bowling Green, Ky., only performs pretreats for large, custom homes. This allows the firm to charge more — 30 cents-

per-square-foot versus the going market rate of 12 to 14 cents. Plus, the owners of these homes make for better long-term termite customers.

“Those are people’s lifelong dream homes. Those are going to be your consistent customers,” said Owner Jimmy Blankenship. By comparison, people who buy small starter homes usually move within a few years, and that termite renewal business is lost, he explained.

Pretreats for custom homebuilders and second- and third-time homeowners helped Team Pest USA, Loganville, Ga., achieve a “better than normal” termite season in 2023, said Alan Harlan, vice president of service and quality.

According to the PCT survey, 83 percent of PMPs said their company location provided termite renewals, which involved re-inspecting properties for an annual fee.


And 86 percent performed wood destroying insect/organism (WDI/

WDO) inspections and reports for real estate transactions. For some companies, however, a slower housing market meant fewer opportunities to do inspections and get termite leads.

“We work with real estate agents quite a bit, and they are not busy, and that also rolls over onto to us. It’s been a little bit slower this year than we’d like,” said Michael Hayes, president, ProShield Termite & Pest Control, which serves southwest Alabama.

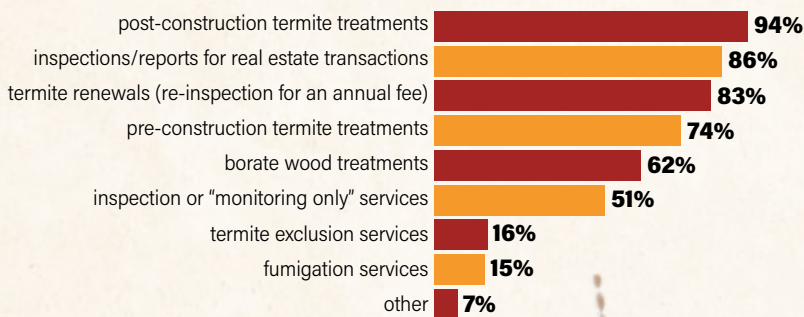
In 2022, the 6-year-old company completed 734 Alabama WDO reports. Through November 2023, it had done 375. “It’s not good,” said Hayes.

In follow-up interviews, some PMPs said they had raised prices for WDO/WDI inspections to target high-level real estate agents and homebuyers. Others only perform inspections for current customers to reduce liability risks.

Seventy-nine percent of pest control companies offered termite control services. A lack of termite pressure (26 percent) and liability concerns (21 percent) were the top reasons PMPs cited for not offering termite control. 

COMMON TYPES OF TERMITE SERVICE

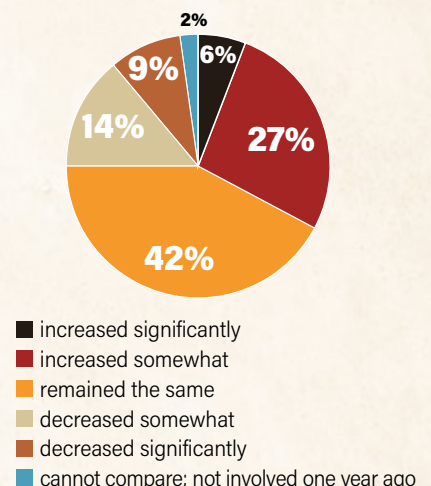
What types of termite control services does your location offer?



Source: Readex Research; Number of Respondents: 263; Respondents could select more than one response.

CHANGE TO TERMITE-RELATED SERVICE CALLS

Compared with one year ago, have termite-related service calls at your location increased, decreased or remained the same?



Source: Readex Research; Number of Respondents: 263

79%
 Percentage of pest control company locations offering termite control services
 Source: Readex Research; Number of Respondents: 333



STICK AROUND

Satisfied customers generally stayed with their termite service providers for the long term. The average retention rate was 77.8 percent over a five-year period, found the 2024 PCT State of the Termite Control Market survey.

As well, many of these customers were a good source of additional revenue. People take termites “very seriously” in south central Kentucky, said Jimmy Blankenship, Guarantee Pest Control. Once they see the quality of work his technicians provide, he said, they trust

them to protect the home from other pests. “They use us for everything.”

Team Pest USA takes a structured approach to converting termite customers. “That’s a whole program. We go in with the termite control and the first opportunity we get to meet with them we propose other services,” said Alan Harlan.

Redd Pest Solutions, likewise, leverages termite control to sell other services. “All of our inspectors are trained to offer everything the customer needs and nothing they don’t,” said Kolby Krohn.

In the PCT survey, on average, 33 percent of PMPs said half or more of their termite customers later purchased

pest control services from them.

Some PMPs said it was easier to convert general pest customers to more expensive termite services.

“Pest control is a low-dollar issue, and then since they trust you, they’re a little more likely to trust you with the high-dollar repair or the high-dollar [termite] fumigation,” said Israel Alvarez, Insight Pest Management. His company uses fumigation to control drywood termites. About a third of his clients use multiple services.

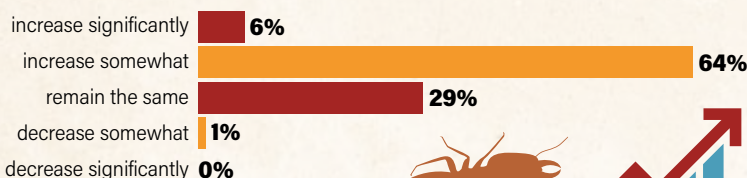
Service visits for pest control occur more frequently, and that helps to build relationships with customers. “Once they’re with us on a regular basis and we tell them they have a termite problem, then it’s a much easier sell,” said Charlie McMahon, McMahon Exterminating.

Last year, the typical (median) price for a standard post-construction termite treatment job was \$1,080. For a regular pre-construction termite treatment job, the typical price was \$665.

Most PMPs — 64 percent — expected their termite service pricing to increase somewhat in 2024. 🐜

GOING UP!

Compared with 2023, do you anticipate your location's termite service pricing will increase, remain the same or decrease in 2024?



Source: Readex Research; Number of Respondents: 263



SOME SWARMING

Termite swarms were nothing to get excited about in 2023. In fact, most PMPs reported average (51 percent) or below average (38 percent) swarm seasons, found the 2024 PCT State of the Termite Control Mat survey.

Ron Henderson, Country Boy Pest Control, was disappointed with the swarms that occurred in central Florida. “It’s crazy. Nothing what I expected. Nothing,” he said. Years ago, swarms were a given. “There’s definitely been some changes to the way it used to be,” he said.

Conductive weather (rain, heat and humidity) typically supports termite swarming, but 45 percent said weather had no impact on termite demand last year, and 19 percent said it had a negative impact.

A record-setting drought negatively affected termite swarms in Mississippi.

“I believe that played a factor in the recurrence of swarms,” said Kolby Krohn, Redd Pest Solutions. The company still received calls for termite control service, just not as many as in past years.

The drought even made it difficult to get bait systems in the ground. “When we’re having to install these bait stations and we haven’t had rain in two months, the ground is as hard as asphalt. We tore up a lot of drills and augers this year just trying to treat a house,” said Hank Griffith, the company’s regional termite manager.

For 21 percent of PMPs, weather had a positive impact on demand for termite control services. Wet weather in Southern California contributed to “a lot of termites [in 2023],” recalled Israel Alvarez, Insight Pest Management. Last fall, drywood termite swarms were “pretty intense. Definitely, termite leads were up,” he said.

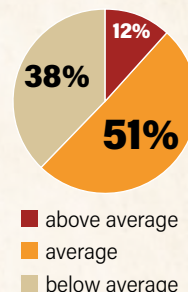
Warmer weather in greater Atlanta may have helped termite swarms, said Alan

Harlan, Team Pest USA. “I think overall it was a pretty good swarm season, but I don’t know if it was any better or any worse than recent previous years.”

According to the PCT survey, 42 percent of PMPs said the volume of termite-related service calls at their location remained constant in 2023 compared to the year before, while 33 percent said calls increased somewhat or significantly. 🐜

THE SAME OR WORSE: SWARMS

How would you characterize the 2023 termite swarm season in the area in which your location provides services?



Source: Readex Research; Number of Respondents: 263

FULL COMBO

Most pest control companies used both baits and liquid termiticides in their termite control programs, reported 60 percent of PMPs in the 2024 PCT State of the Termite Control Market survey.

Liquid termiticide was the primary treatment approach at 47 percent of locations, including at Guarantee Pest Control, which only performs full, conventional liquid termiticide treatments.

“We don’t do partials. We don’t do spot treats. We sell Cadillac treatments with full damage replacement warranties and most of our competition is doing perimeter treatments now,” said Jimmy Blankenship.

The company relies on a brand name termiticide to protect structures. “We could get a whole lot more business if

we used the cheap chemical, and we definitely would make more money on treatments if we used cheaper products, but we’d be doing callbacks in four, five years and we prefer to have lifelong customers,” he said.

A combination of baits and liquids was the go-to treatment for 33 percent of company locations, and 17 percent used baits alone as a primary offering.

ProShield Termite & Pest Control has used bait systems to control Formosan and Eastern subterranean termites since it was founded. It places in-ground stations around a property to protect the structure and uses above-ground stations to control active termite infestations.

The company offers damage replacement contracts to about 70 percent of its termite customers but not to those with active Formosan termite infestations or older homes that previously had termites and potentially have hidden or

undisclosed termite damage.

According to the PCT survey, 31 percent of pest control company locations offered termite damage warranties.

ProShield declines to provide post-construction termite treatment at homes with spray foam insulation.

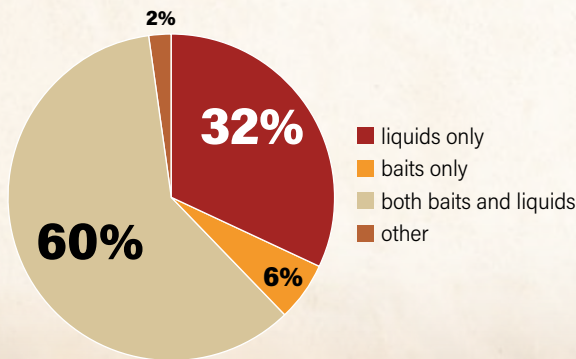
“We don’t do homes with spray foam insulation in the attic or in the walls. Right now, we do not cover those homes at all,” explained Michael Hayes.

Team Pest USA works with homeowners to remove spray foam insulation. “We make recommendations and propose to remove that or at least modify that. We’re cutting it to remove it to provide us visibility as far as our annual inspections go,” said Alan Harlan.

Spray foam insulation was sometimes encountered by 46 percent of PMPs during termite inspections. The average callback rate for termite control services was 1.9 percent. 🐜

COVERING THE BASES

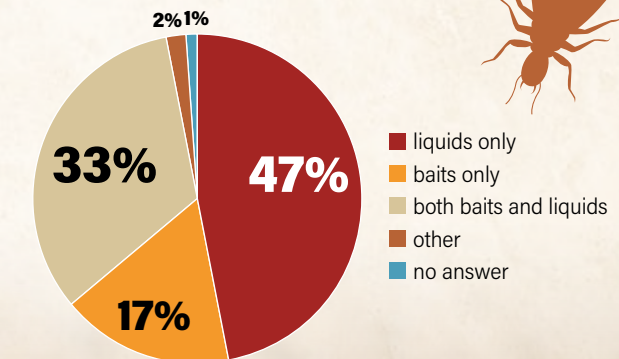
Does your location offer baits, liquids or both as part of its termite control service?



Source: Readex Research; Number of Respondents: 263

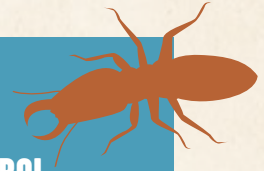
LIQUID IS THE GO-TO

What is your location's *primary* termite control service offering?



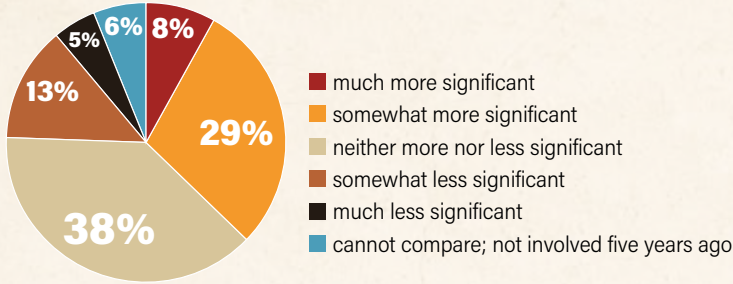
Source: Readex Research; Number of Respondents: 263





EQUALLY SIGNIFICANT

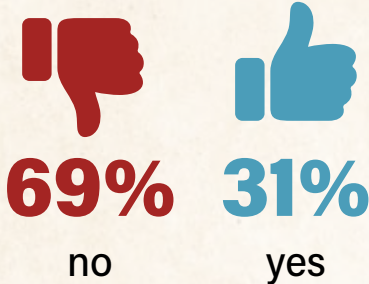
Is your location's termite control business more or less significant to your company location's bottom line today than five years ago?



Source: Readex Research; Number of Respondents: 263

MOSTLY NO TO COVERING REPAIRS

Does your location offer a termite damage warranty?



1.9%

average callback rate for termite control services
Source: Readex Research; Number of Respondents: 263



3 CHALLENGES TO PROVIDING TERMITE CONTROL

1. People not maintaining their homes; not fixing moisture issues, roof leaks or rotten soffits. "That contributes to a lot of our termite issues down here," said Hank Griffith, Redd Pest Solutions.
2. Home builders' inconsistent placement of pipes under slabs. "You don't know how they run them. We've seen so many crazy things," said Ron Henderson, Country Boy Pest Control, which drills into slabs to apply liquid termiticide.
3. Labor issues. "Finding people to do the work, doing the work and holding to the quality standards that work needs to be done is challenging," said Israel Alvarez, Insight Pest Management.

LOOKING UP

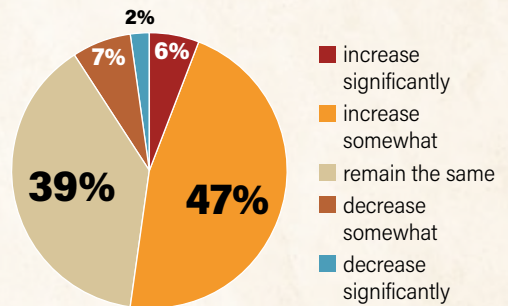
According to the 2024 PCT State of the Termite Control Market survey, 47 percent of PMPs expected the percentage of termite revenue generated at their company location to increase somewhat this season.

Charlie McMahon, McMahon Exterminating, was optimistic, especially with the heavy termite pressure in southern Indiana. "I don't see any downward trend at all when it comes to termites. It's an important piece to the puzzle when a person owns a home."

Ron Henderson, Country Boy Pest Control, planned to grow his termite business in 2024 by increasing his digital advertising. "With as many new houses that are around us right now, if people aren't doing a good job on the soil treatment, we'll have a ton of business in the

MODEST GROWTH EXPECTED

Compared with 2023, do you anticipate the percentage of your location's revenue generated from its termite control services to increase, remain the same or decrease in 2024?



Source: Readex Research; Number of Respondents: 263

next few years," he said.

While some PMPs worried that economic hardships might cause customers to spend less on termite services, others said homeowners will continue to protect their biggest investment.

"When it comes to economic headwinds, the needs are still going to be there, the bugs are still going to be there. I think our ability to sell to the consumer just needs to change a little bit," said Israel

Alvarez, Insight Pest Management.

Kolby Krohn, Redd Pest Solutions, anticipated termite revenue to increase 8 to 12 percent in 2024. The launch of new chemical products and technology, such as data science tools for plotting termite activity and heat mapping, will only increase treatment efficiency.

"We're excited about all the future advancements that are coming to the industry," he said.



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¹2012 University of Delaware, Graduate Research Dissertation. Not statistically significant at $p < 0.05$; Statistically significant at $p < 0.10$.

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